



Daniela Piazzalunga
FBK-Irvapp

The effect of temporary employment on labour market outcomes

Abstract

Over the last twenty years, the Italian labour market experienced several changes in the regulation of temporary contracts, towards more flexible arrangements and with a large increase in temporary contracts with respect to permanent ones. In recent years, temporary contracts make up the bulk of new hires. Several questions would deserve to be investigated in this context. We address here the role of temporary contracts on future labour market outcomes, assessing whether temporary jobs can be regarded as “dead ends”, leading to a division of workers between more protected and less protected ones, or rather as “stepping stones”, namely ports of entry into permanent employment. Using short panels from the Italian Labour Force Survey (LFS), we identify the causal effect of experiencing a spell of temporary employment versus a spell of unemployment on short-term labour market outcomes. We carry out the analyses over the period 2007-2016, including the

years immediately before and during of the Great Recession to assess also how the business cycle influences the effect of a temporary spell of employment.

The parameter of interest is recovered by imposing that, conditional on a suitable set of observable characteristics of the worker, of her households as well as of the local labour market, the treatment status is ignorable for the outcome. We also exploit the features of the LFS rotating sampling scheme to build a test for the ignorability assumption.

Preliminary results show that experiencing a spell of temporary work instead of a spell of unemployment increases the probability of being employed after twelve months by 33p.p.; it increases the probability of having a permanent contract by 4.5p.p and the probability of having a satisfactory employment by 27p.p. Our test for the ignorability assumption confirms that the results can be interpreted as causal effects.

Monday 18th March
from 1pm to 2pm
Campus Luigi Einaudi

Seminar room n. 36
Building D1 - 3rd Floor
Lungo Dora Siena 100/A, Turin